

# 2023 Health Savings Account (HSA) Guide



*Don't just plan it. Do it.*<sup>TM</sup>

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## HSA Eligibility

Qualified High-Deductible Health Plan Requirements (QHDHP)	2023	
	Individual	Family
QHDHP Minimum Deductibles	\$1,500	\$3,000
QHDHP Maximum Out-of-Pocket Amounts <sup>1</sup>	\$7,500	\$15,000

<sup>1</sup> Including deductibles, co-payments, and other amounts, but excluding premiums. See IRS Publication 969 ([www.irs.gov](http://www.irs.gov)) for more information.

## HSA Contribution Limits

	2023	
	Individual	Family
HSA Contribution Limits (employer + employee)	\$3,850	\$7,750
HSA Catch-Up Contributions (Age 55 and over)	\$1,000	\$1,000

HSA balances rollover year to year, unlike Flexible Spending Accounts (FSA).

## Qualified HSA Funding Distribution (QHFD)

A one-time **tax free** rollover from an IRA to an HSA. Rollover along with other contributions can not exceed the contribution limit for the year. Contribution can only be made for the current year.

## HSA Uses

- Payment of Qualified Medical Expenses<sup>1</sup>
- Medicare Parts A, B, D premiums
- Medicare HMO

<sup>1</sup> See IRS Publication 502 ([www.irs.gov](http://www.irs.gov)) for more information. Note: **Medigap** premiums are **not** eligible expenses.

## Tax Advantages

- | Employee |   |
|----------|---|
|          | ▪ Contributions are pre-tax                           |
|          | ▪ Growth (interest earned) is tax-free                |
|          | ▪ Withdrawals for qualified medical expenses tax-free |
- 
- | Employer |  |
|----------|--|
|          | ▪ Contributions to employees HSA are deductible    |
|          | ▪ Contributions to employees HSA are FICA tax-free |

## Beneficiary

- | Spouse |                                  |
|--------|----------------------------------|
|        | ▪ Tax-free transfer to their HSA |
- 
- | Non-Spouse |                     |
|------------|---------------------|
|            | ▪ Taxable as income |

## At Age 65

### \*Special Considerations

- |                   |   |
|-------------------|---|
| 65 yrs. and older | ▪ Use for retirement income, but taxable.                         |
| Pre-65 yrs.       | ▪ Use for Non Qualified Medical Expenses taxable plus 20% penalty |

## Long-Term Care Premiums

HSA funds can be used tax-free to pay Long-Term Care insurance premiums up to limits based on age.

Age	Tax free withdrawal for LTCi
< 40	\$480
41-50	\$890
51-60	\$1,790
61 - 70	\$4,770
> 70	\$5,960



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<u>Married Couple</u>		<u>Employer: 10 employees @100k</u>	
Household Income	\$100,000	Company Payroll	\$1,000,000
HSA Contribution	\$7,750	Employee HSA Contribution	\$77,500
$\$7,750 \times 22\% =$ <b>\$1,705</b> <b>Tax Savings</b>		$\$77,500 \times 7.65\% =$ <b>\$5,928</b> <b>Tax Savings</b>	
<small>*based on a 125 cafeteria plan</small>			

## HSA Providers

### HSA Providers Examples

Providers	Debit Card	Self-directed Brokerage	Mutual Funds Only
Lively	✓	✓	
Fidelity	✓	✓	
Health Savings Administrators	✓		✓

\* There are many providers with different options available. The ones listed are selected to provide a reference. We recommend you research providers to select the one that will best fit your needs.

## IRS Guidance Publication

### Health Savings Account Publication 969



This material is intended for informational purposes only. Please contact your financial professional for more information specific to your situation. Securities and advisory services offered through Commonwealth Financial Network, Member FINRA/SIPC, a Registered Investment Adviser.

### Things to look for in an HSA Provider:

Investment Threshold	Some accounts may have investment minimums. Understand what these minimums are and if it is feasible.
Investment Menu	What are the options? Long-term options, or only low-return options?
Self-directed Brokerage	Self-directed brokerage accounts allow you the flexibility to invest in stocks and bonds of your choice. Is it limited only to the providers pooled investments?
Financial Strength	Ensure the provider you choose is reputable.
Account Fees	Look at what fees are associated with the account. Some providers may have fee waivers for accounts that meet specific criteria.
Tiered Interest Rate	Tiered interest rates means the interest rate increases as the balance increases.
Debit Cards	Some providers will include a debit card to pay for expenses directly from the HSA. Others will work on a reimbursement system.